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Message Text

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ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 FEAE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 DRC-01

OPIC-12 IGA-02 /160 W
---------- 067828
R 301205Z SEP 74
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 1594

C O N F I D E N T I A L TRIPOLI 1079

E.O. 11652: GDS
TAGS: EALR ENRG
SUBJECT: LIBYAN CRUDE PETROLEUM PRICES--FINAL QUARTER 1974

REF: TRIPOLI 1056

1. ACCORDING TO OUR SOURCES, WHICH NEED TO BE PROTECTED, INTERNATIONAL COMPANIES AND MINPETROLEUM HAVE REACHED AGREEMENT ON MAJOR POINTS OF PRICING CRUDE OIL FOR FINAL QUARTER 1974, ALTHOUGH SOME DETAILS REMAIN BE WORKED OUT. EQUITY OIL PRICE REMAINS SAME, BUY-BACK OIL PRICE WILL BE REDUCED BUT, BECAUSE OF INCREASED GOVERNMENT PARTICIPATION, OVERALL PRICES WILL BE INCREASED.

2. PRICE ARRANGEMENTS COMPARED:

15.678 POSTED
(MINUS) 2.614 ROYALTY (16.67 PERCENT TIMES POSTED PRICE)
(MINUS) .470 PRODUCTION COST

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12.594 TAXABLE INCOME

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(TIMES) .60 TAX RATE

7.556 INCOME TAX
2.614 ROYALTY
.181 SUPPLEMENTAL

10.351 GOVERNMENT TAKE AT 49 PERCENT EQUALS 5.072
12.50 BUY-BACK AT 51 PERCENT EQUALS 6.375
5.072
6.375

11.447
.230 49 PERCENT OF 47 CENTS PRODUCTION COST

11.677

PRICE DIFFERENTIAL BETWEEN EQUITY AND BUY-BACK OIL:

	THIRD QUARTER 1974	FOURTH QUARTER 1974
BUY-BACK	13.20	12.50
EQUITY	11.72	11.68
	1.48	.82

NEW PRICE:
GOVT TAKE 10.351 (AT 40 PERCENT) EQUALS 4.140
BUY-BACK 12.500 (AT 60 PERCENT) EQUALS 7.500
COST .47 (AT 40 PERCENT) EQUALS .188

11.828

3. PRICE WILL BE SAME FOR ALL CRUDES, REGARDLESS GRAVITY DIFFERENTIALS, ALTHOUGH LARG MAY LATER INTRO-DUCE GRAVITY PREMIUMS. NO LEGISLATION YET PUBLISHED ON 60-40 PARTICIPATION ALTHOUGH IT EXPECTED SOON.

4. ABOVE FIGURES FOR OASIS GROUP; OTHER COMPANY CONFIDENTIAL

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NEGOTIATIONS AND ARRANGEMENTS CONTINUING.
STEIN

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NNN

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